



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
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Third District

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Fifth District

September 7, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

WASHINGTON, D.C. UPDATE

Congressional Schedule

Congress reconvened from its summer recess on September 6, 2005, and faces a busy agenda leading to the start of the new fiscal year on October 1. Any hope for an orderly schedule was likely dashed by Hurricane Katrina and the death of Supreme Court Chief Justice William Rehnquist. The devastation caused by Hurricane Katrina, the perceived lack of an effective Federal response to the disaster, the impact on major energy facilities, and the subsequent spike in gasoline prices will divert the attention of members and committees from finishing work on pending Federal Fiscal Year (FFY) 2006 appropriations bills before the fiscal year begins on October 1, 2005. The death of Chief Justice Rehnquist and the President's decision to nominate Associate Justice-nominee John Roberts as Chief Justice will also increase the scrutiny of Judge Roberts during his confirmation hearings, further adding to an already packed Senate schedule. As a result, it is virtually certain that a continuing resolution will be required to temporarily fund Federal operations when FFY 2006 begins.

Appropriations Outlook

The House has passed all of its 11 FFY 2006 appropriations bills while the Senate has passed five of its 12 appropriations bills. Two smaller appropriations bills (Interior-Environment and Legislative Branch) representing about three percent of the Federal budget have been enacted while three others -- Homeland Security, Energy

and Water, and Foreign Operations – were passed by both chambers and are in conference committee. However, because the Homeland Security appropriations bill funds FEMA, its passage may be delayed due to the impact of Hurricane Katrina. Negotiations on the Energy and Water appropriations bill also may be complicated by the fact that the bill funds the Army Corps of Engineers, which will be tasked with rebuilding the levees that were breached following Hurricane Katrina.

Of the bills in conference committee, the most significant issue for the County concerns the formula for allocating homeland security grant funding. A formula change could be included in the Homeland Security appropriations bill by the conference committee to the bill. If attaching such a change to this bill proves to be too difficult, it could be included in another bill, such as the USA Patriot Act reauthorization bill, which also is in conference committee.

Major bills still pending before the Senate include the Commerce-Justice-Science appropriations bill, which funds the State Criminal Alien Assistance Program and other law enforcement programs, the Transportation-Treasury-Housing and Urban Development bill, which funds the Community Development Block Grant, housing, and homeless assistance programs, and the Labor-Health and Human Services-Education bill. Senate Majority Leader Frist (R-TN) has stated his intention that the Senate begin floor action on the Commerce-Justice-Science appropriations bill on September 8th. The schedule for considering the remaining appropriations bills remains uncertain.

Budget Reconciliation Outlook

Congress had been expected to begin work soon on a budget reconciliation package this week to meet revenue and spending targets contained in the FFY 2006 Budget Resolution (House Concurrent Resolution 95). For the first time since 1997, Congress is undertaking a budget reconciliation process that directs committees to report legislation to cut mandatory (entitlement) spending. This spring, Congress passed a FFY 2006 Budget Resolution that proposes cuts in mandatory spending by \$35 billion over five years, including \$10 billion in Medicaid savings.

The budget resolution set a deadline of September 16, 2005 for committees to report budget reconciliation legislation, but the Congressional response to Hurricane Katrina could delay the budget reconciliation schedule. In fact, Congressional Democratic leaders as well as a number of moderate Republicans are taking the position that the budget reconciliation process should not proceed, as planned, in light of the impacts of Hurricane Katrina. Attached is a bipartisan letter urging an indefinite delay in consideration of reconciliation cuts in entitlement programs, such as Medicaid and Food Stamps, signed by Senators Smith (R-OR), Snowe (R-ME), Bingaman (D-NM), and Lincoln (D-AR) who serve on the Senate Finance Committee, which has jurisdiction over Medicaid.

The County's primary budget reconciliation issue concerns the \$10 billion in potential Medicaid spending cuts, especially those that could shift costs to state and local governments or reduce Medicaid payments to public hospitals, such as the County's. Temporary Assistance for Needy Families (TANF) reauthorization also could become a major reconciliation issue if an effort is made to use budget reconciliation legislation as a vehicle for TANF reauthorization. TANF (CalWORKs in California) was supposed to be reauthorized in 2002, but it has been extended on a short-term basis ten times, mainly because of disagreements over work participation requirements and funding for child care. In the previous two sessions of Congress, the House passed TANF legislation while the Senate was unable to pass its version.

Several House Republican leaders now favor incorporating TANF reauthorization into the budget reconciliation bill as a means of overcoming the Senate's prolonged inaction. TANF was established under a 1996 welfare reform bill that was included in a reconciliation bill. Many senators oppose including TANF reauthorization as part of budget reconciliation because any increase in child care funding would have to be offset by other spending cuts, making it less politically viable.

We will continue to keep you advised.

DEJ:GK
MAL:MT:ib

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
All Department Heads
Legislative Strategist

United States Senate

WASHINGTON, DC 20510

Attachment

September 6, 2005

The Honorable Chuck Grassley
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Grassley:

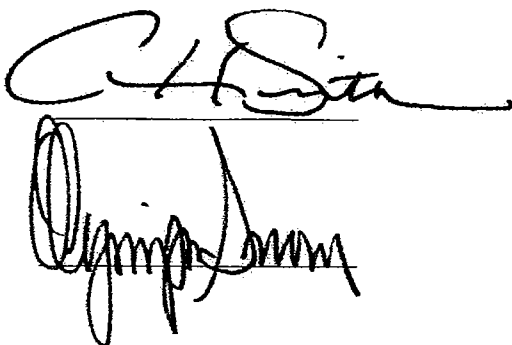
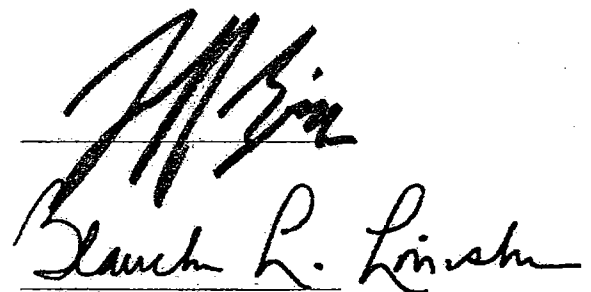
As the nation responds to the many tragedies surrounding Hurricane Katrina, we request that you indefinitely delay consideration of the portion of reconciliation that addresses entitlement cuts. At a time when millions are displaced and seeking federal and state assistance, we believe it is inappropriate to move forward on the portion of a legislative package that would cut funding for Medicaid, Food Stamps, WIC, housing and education.

With a path of destruction spreading over four states and 90,000 square miles, the need for help is immense. Fortunately, the federal government already has numerous programs available to help meet basic needs, including Medicaid, Food Stamps, housing and education. Unfortunately, the reconciliation process as it stands would cut these programs. Therefore, we believe it is prudent and necessary to delay action that would ultimately reduce available funding and possibly divert the focus of program staff away from relief efforts toward implementation of legislative changes.

Most Americans will never know the true impact Hurricane Katrina has had on the lives of people living in the Gulf States. Fortunately, all understand the importance of the federal government's ability and willingness to respond by providing care and aid. As Congress moves forward with its fall agenda, we must remain focused on the relief efforts and ways to deliver both short and long term aid. We believe this is best accomplished by preserving entitlement programs at this time.

Thank you for your consideration.

Sincerely,

Handwritten signature of Olympia Snowe, consisting of a stylized 'O' followed by 'lympia Snowe'.Handwritten signature of Blanch L. Lincoln, featuring a large, bold 'B' followed by 'lanch L. Lincoln'.